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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 11, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, DC 20554


Re: Notice of Oral Ex Parte
In the Matter of Applications for Consent to the Transfer of Control of
Licenses and Section 214 Authorizations from Ameritech Corporation,
Transferor, to SBC Communications, Inc., Transferee,
CC Docket No. 98-141

Dear Ms. Salas:

On Tuesday, August 10, 1999, James Bolin, Roy Hoffinger, Michael Pfau, Robert Quinn, and the undersigned, all of AT&T, met with Robert Atkinson, Michelle Carey, Eric Einhorn, Doug Everette, Johanna Mikes, and John Stanley of the Commission's Common Carrier Bureau, and Thomas Krattenmaker of the Office of Plans and Policy. The purpose of the meeting was to discuss AT&T's revisions to the Proposed Conditions for an FCC Order Approving the SBC/Ameritech Merger as submitted by SBC/Ameritech on July 1. The AT&T proposals discussed at the meeting were submitted in their entirety to the Commission on August 9. A summary of the specific revisions discussed by AT&T can be found in the attached document.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,



Joan Marsh

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SBC/AMERITECH PROPOSED CONDITIONS
TO FCC ORDER APPROVING MERGER
CC Docket No. 98-141

SUMMARY OF AT&T'S PROPOSED REVISIONS

I. Federal Performance Parity Plan

Stated Goal: Equal Treatment for all Competitors

AT&T's Proposals:

- Replace proposed condition with one obliging SBC/AT to comply with applicable provisions of FCC Order(s) in CC Docket 98-56 and PUC orders.
- Allow CLECs to require compliance region-wide with most favorable PUC order.

II. Collocation Compliance Plan

Stated Goal: Compliance with the FCC's recent rules that reduce costs and delays faced by competitors seeking to collocate in an incumbent LEC's central office

AT&T's Proposals:

Pre-merger:

- Substitute PUC approval for auditor's attestation of compliance with FCC rules
- Opportunity for FCC dispute resolution (not a prerequisite for closing)
- Ensure neutrality of post-merger compliance auditor
- Allow public comment on proposed audit requirements; allow FCC to modify proposed audit requirements; require FCC approval of final requirements

Post-merger:

- Require FCC Audit Staff's approval of changes to audit program
- Allow participation by FCC Audit Staff in any aspect of audit
- Require auditor to contact PUCs and wholesale customers during course of audit
- Allow public comment on auditor's report, provide access to report, work papers and other materials subject to protective order
- Allow for possibility of "rocket docket" complaint proceeding for CLECs in the event that SBC/AT has not complied with collocation rules

III. OSS Enhancements

Stated Goal: The deployment of non-discriminatory region-wide
Uniform Operations Support Systems

AT&T's Proposals:

- Eliminates distinction between interfaces and business rules
- Shortens time frame for providing uniform interfaces to 15 months
- Lengthens collaborative process on achieving uniformity from one month to three months and includes within that time frame an arbitration process for items on which the parties cannot agree
- Provides for a uniform change management process that is based on the California procedure currently in place
- Adds commitments on flow through and third party testing
- Clarifies the commitment on direct access to SORD and other comparable systems, including eliminating the requirement that CLECs contract and pay for development costs

- Eliminates the requirement that CLECs contract and pay for development of EBI
- Makes clear that the OSS commitments are not subject to the sunset provision

IV. OSS Waiver of Charges

Stated Goal: SBC-Ameritech will not charge competitors for OSS

AT&T's Proposals:

- Clarify to make clear that SBC/AT may not for a three year period recover through any wholesale charges (including but not limited to UNE rates) costs incurred to comply with any OSS-related obligation imposed by Condition III or any provision of Act, including FCC Rules and PUC Orders implementing the Act
- Clarify that all OSS charges must thereafter be recovered on a competitively neutral basis that spreads costs among all carriers, including SBC/AT on the basis of network usage

VI. xDSL and Advanced Services Deployment

Stated Goal: development and deployment of common electronic OSS for pre-ordering and ordering xDSL and other advanced services and cost-based prices for conditioned xDSL loops

AT&T's Proposals:

- Eliminates SBC/AT's attempt to limit nondiscriminatory access to OSS to "pre-order" OSS used by SBC/AT's "retail" operations
- Replaces proposed pre-order OSS requirements with commercially meaningful information
- Shortens schedule for OSS deployment
- Requires loop conditioning rates to comply with Commission pricing rules

VII. Structural Separation for Advanced Services

Stated Goal: creation of a separate affiliate for the provision of advanced services

AT&T's Proposals:

- Conforms definition of "advanced services" to that adopted in Commission's § 706 proceeding
- Removes exemption of Advanced Services Affiliates from certain provisions of § 272, e.g.,
 - no shared operations, installation and maintenance ("OI&M")
 - no joint "customer care" after the sale
 - no transfers of equipment not permitted by § 272(g)
- Adds further requirements necessary to permit Advanced Services Affiliates to be deemed "non-ILECs" under 47 U.S.C. § 251(h), e.g.,
 - affiliates may not resell SBC/AT services
 - affiliates must use same OSS as CLECs to provide local exchange or access using UNEs
 - SBC/AT must warrant that CLECs can use intellectual property associated with UNEs on same terms as affiliates
- Interconnection agreements between SBC/AT and Advanced Services Affiliates must be sufficiently detailed to permit CLECs to meaningfully exercise "pick and choose" rights
- Before Advanced Services Affiliate may begin offering services, Commission must certify that it complies with Condition VII

VIII. Shared Transport

Stated Goal: The provision of shared transport to competitors in each Ameritech state prior to closing and shared transport with AIN solutions within 1 year of closing.

AT&T's Proposals:

- Provision of Shared Transport, as defined in FCC Third Report and Order at rates that comply with TELRIC prior to closing
- Elimination of "rough justice" mechanism in lieu of allowing CLEC to collect access for calls originated by or terminated to their customers
- Strong Enforcement: Allow "rocket docket" complaint procedure for alleged refusals to provide shared transport; \$100,000/day fines.

IX. Offering of UNEs

AT&T's Proposals:

- SBC/AT will provide all UNEs as defined in First Report and Order and Third Report and Order in CC Docket No. 96-98, except to the extent the FCC has issued a final and nonappealable order in UNE Remand proceeding.
- UNEs shall be provided individually and in combination, for use in providing any service, including local, access and long distance, at rates that comply with FCC's pricing rules.
- SBBC/AT shall indemnify CLECs against infringement claims by vendors based on similar uses of UNEs

X. Compliance with Commission Pricing Rules

Stated Goal: Ensure the availability of UNEs at prices consistent with the FCC's rules

AT&T's Proposals:

- Allows use of FCC "rocket docket" procedure to resolve dispute regarding compliance with pricing rules; resolutions to be reflected in the first instance through new or amended interconnection agreements approved by PUCs

- Imposes separate, independent requirement that SBC/AT abide by TELRIC methodology

XI. Additional UNE and Resale Obligations

AT&T's Proposals:

Replaces Condition XI, except:

- retains promotional resale discounts, but specifies that 32 % discount continues for two years after commencement of the offering window, and eliminates the discriminatory caps
- requires the offering of end-to-end UNE combinations, without the discriminatory caps, for the promotional period regardless of the outcome of the UNE Remand proceeding